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HOUSE BILL 359

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

John A. Heaton

FOR THE MEDICAID REFORM COMMITTEE

AN ACT

RELATING TO TAXATION; PROVIDING A TAX CREDIT FOR A PORTION OF  
LONG-TERM CARE INSURANCE PREMIUM EXPENSES PAID BY AN  
INDIVIDUAL; ENACTING A SECTION OF THE NMSA 1978.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Income Tax Act is enacted  
to read:

"NEW MATERIAL CREDIT--EMPLOYEE HEALTH INSURANCE PREMIUMS  
PAID BY EMPLOYER. --

A. As used in this section, "long-term care  
insurance" means insurance coverage advertised, marketed,  
offered or designed to provide coverage for not less than  
twelve consecutive months for a covered person on an expense  
incurred, indemnity, prepaid or other basis for one or more  
necessary or medically necessary diagnostic, preventive,

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1 therapeutic, rehabilitative, maintenance or personal care  
2 services provided in a setting other than an acute care unit of  
3 a hospital, including group and individual annuities and life  
4 insurance policies or riders that provide directly or that  
5 supplement long-term care insurance, and policies or riders  
6 that provide for payment of benefits based upon cognitive  
7 impairment or the loss of functional capacity. Long-term care  
8 insurance may be issued by insurers, fraternal benefit  
9 societies, nonprofit health insurers, prepaid health plans,  
10 health maintenance organizations and similar organizations to  
11 the extent that they are otherwise authorized to issue life or  
12 health insurance. "Long-term care insurance" does not include  
13 an insurance policy that is offered primarily to provide basic  
14 medicare supplement coverage, basic hospital expense coverage,  
15 basic medical-surgical expense coverage, hospital confinement  
16 indemnity coverage, major medical expense coverage, disability  
17 income or related asset-protection coverage, accident only  
18 coverage, specified disease or specified accident coverage or  
19 limited benefit health coverage. With regard to life  
20 insurance, "long-term care insurance" does not include life  
21 insurance policies that accelerate the death benefit  
22 specifically for one or more of the qualifying events of  
23 terminal illness, medical conditions requiring extraordinary  
24 medical intervention or permanent institutional confinement,  
25 and that provide the option of a lump-sum payment for those

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1 benefits and in which neither the benefits nor the eligibility  
2 for the benefits is conditioned upon the receipt of long-term  
3 care. Notwithstanding any other provision contained herein,  
4 any product advertised, marketed or offered as long-term care  
5 insurance shall be subject to the provisions of the Long-Term  
6 Care Insurance Law.

7 B. A taxpayer who files an individual New Mexico  
8 income tax return who is not a dependent of another individual  
9 may claim a credit in an amount equal to twenty-five percent of  
10 the cost of long-term care insurance premiums paid by the  
11 taxpayer in a taxable year.

12 C. A husband and wife who file separate returns for  
13 a taxable year in which they could have filed a joint return  
14 may each claim only one-half of the credit that would have been  
15 allowed on a joint return.

16 D. The credit provided in this section may be  
17 deducted from the taxpayer's liability only for the taxable  
18 year for which the credit is claimed.

19 Section 2. APPLICABILITY. -- The provisions of this act  
20 apply to taxable years beginning on or after January 1, 2004.